

RESEARCH REPORT

The Technology Leader's 2025 Transformation Report Card

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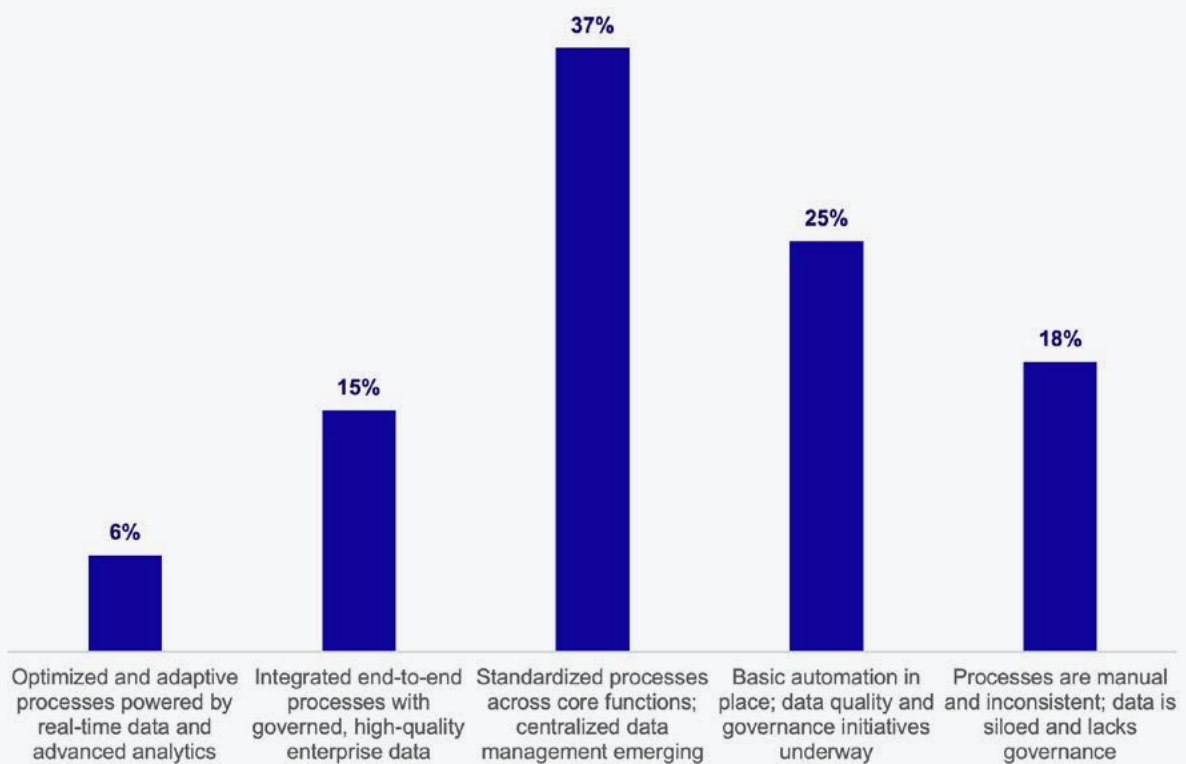
Transformation is often a mandate in the era of digital business and that has been even more underscored by the rise of AI. Technology leaders are looking to increase efficiency and enable the adoption of AI. As organizations transform, they are able to adopt emerging technologies such as AI at a greater rate. The transformation also yields positive business outcomes, first in operational efficiency, then in stronger compliance and risk management, then to reduced IT complexity and finally increased revenue and profitability.

For this SAPinsider benchmark report, we surveyed technology leaders to identify the drivers, strategies, and technologies fueling their transformations. We also scored the respondents on their overall digital maturity based on a series of questions, and correlated those maturity levels with desired business outcomes. The analysis showed that organizations at the top of the maturity scale, which we deemed Digital Leaders, are realizing the benefits of their investment in process improvements and technology.

When it comes to business processes and the dataflows that support them, just 6% of respondents' organizations feature optimized and adaptive processes powered by real-time data and analytics, however more than half of respondents have achieved at least some level of standardized processes across core capabilities with data centralization in the works, and 15% of do have integrated end-to-end processes with governed and high-quality data.

FIGURE 1

Core Business Processes and Enterprise Data Practices

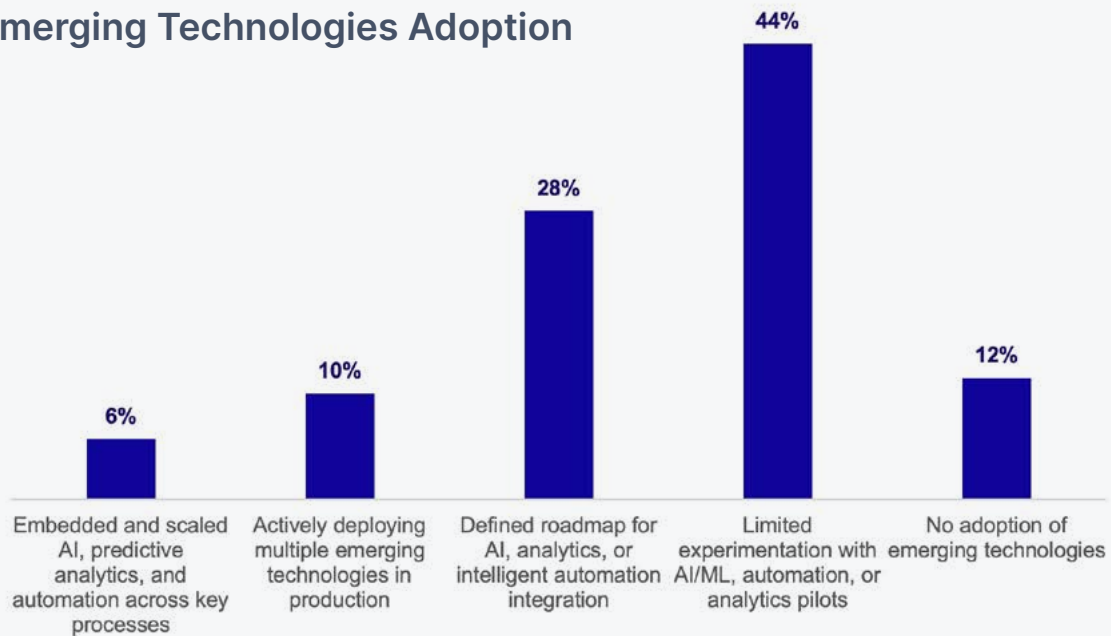


So, most organizations are on the right path to adaptive processes and data-driven decision-making. Those 18% that are still dealing with manual and inconsistent data and processes are well behind their peers and lack the benefits of advanced analytics that can drive better decisions in the market.

While many organizations are working on standardizing their processes and centralizing their data, the adoption of emerging technologies such as AI is still in early stages for most respondents. Those that are defining roadmaps for emerging technologies are already ahead of the curve, while those that actively deploying or already utilizing embedded AI, predictive analytics, and automation across their key processes are likely to be ahead of the competitors in their markets in terms of adoption.

FIGURE 2

Emerging Technologies Adoption

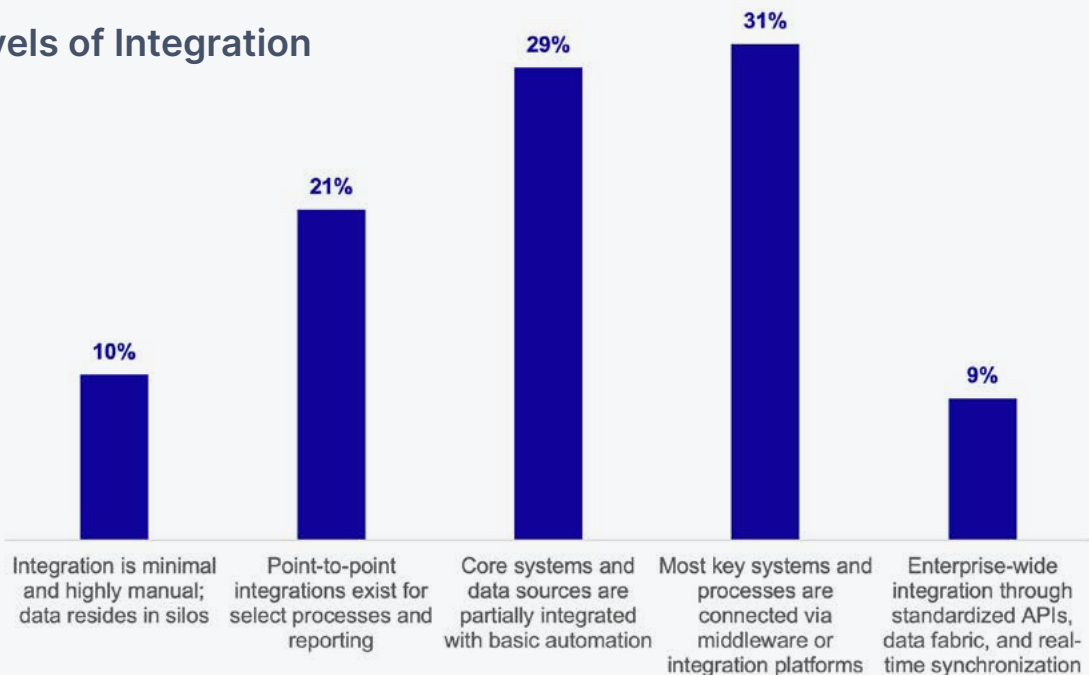


While adopting emerging technologies such as AI at an enterprise-wide level is still not common at respondents' organizations, they are having much more luck with broadening the scope of integration to serve the needs of the business.

While less than 10% of those we surveyed say their organizations have enterprise-wide integration across SAP and non-SAP systems. Nearly one-third are on the path to that level of integration maturity, with most key systems and processes connected through middleware or integration platforms. Another significant portion has core systems and data sources somewhat integrated and automated.

FIGURE 3

Levels of Integration

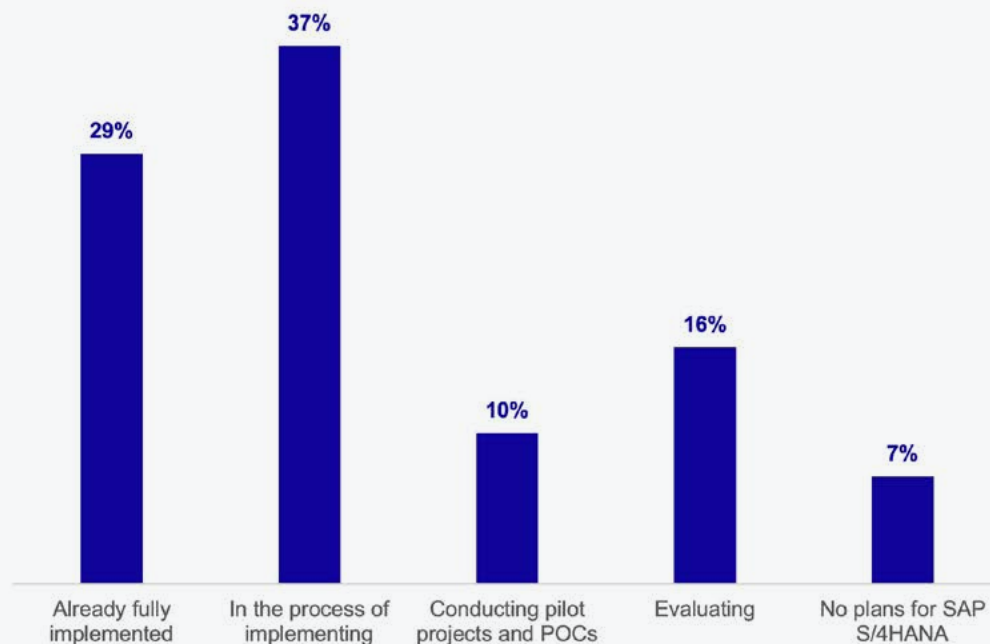


Still, many organizations are either relying on selective integrations or working with siloed data and minimal integration. Enterprise-wide integration is a key element of transformation, it provides the data access and analytics that enable more informed decisions and better planning.

Many SAPinsiders seek to improve their data integrations alongside SAP S/4HANA transformations. To that end, two-thirds of our respondents' organizations have either fully implemented SAP S/4HANA or are in the process of implementing the ERP system, a project that is often the core of a broader transformation.

FIGURE 4

SAP S/4HANA Implementation Status



Just 7% indicating have no plans for SAP S/4HANA, while just over a quarter are either evaluating the product or conducting pilot projects and POCs. As detailed in SAPinsider's Deployment Approaches to SAP S/4HANA 2025 report, much of the adoption of the ERP offering is driven by a SAP's upcoming end of mainstream maintenance.

Whether a transformation is the result of an SAP S/4HANA implementation, or driven by the desire for better business processes, improved security, or the pursuit of greater profits, organizations are seeing positive outcomes from upgrading their processes and technologies.

37%

of respondents
are in the process
of implementing
SAP S/4HANA

CHAPTER 1

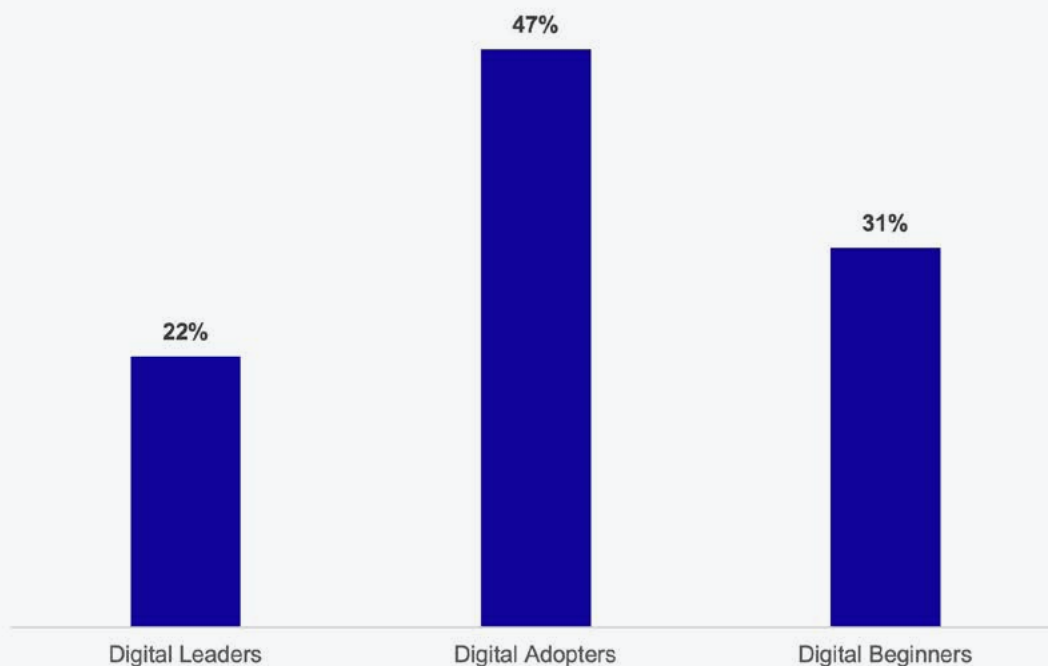
Transformation Maturity Analysis

As part of our analysis, SAPinsider scored each respondent on their transformation maturity level and sought to find common characteristics that led to desired business outcomes. We grouped respondents' organizations into three segments: Digital Leaders, Digital Adopters, and Digital Beginners. Maturity was determined by specific questions around strategies and capabilities, as well as technology adoption.

The groups were segmented by score out of 100, with Data Leaders at 71-100, Adopters at 50 to 70, and Data Beginners at 0 to 49. Nearly half of respondents were categorized as Adopters.

FIGURE 5

Transformation Maturity Distribution



As organizations transform, they are able to adopt emerging technologies such as AI at a greater rate. The transformation also yields positive business outcomes, first in operational efficiency, then in stronger compliance and risk management, then to reduced IT complexity and finally increased revenue and profitability.

Transformation Maturity Characteristics

DIGITAL BEGINNERS	DIGITAL ADOPTERS	DIGITAL LEADERS
• Cybersecurity is most sought-after skillset • Lower adoption of AI • Concerned about security risks associated with transformation • Initial benefits from transformation efforts are in operational efficiency	• SAP S/4HANA skillsets are most critical to add. • Selective AI adoption • Risks in time to complete transformation and skills shortages are top of mind • Seeing greater results in business outcomes, including stronger compliance and risk management	• Focused on acquiring AI skillsets • Near universal adoption of AI • Time to complete transformation and business process risks are top concerns • Achieving outcomes in reduced IT complexity and increased revenue and profitability as a result of transformation efforts

The top concerns evolve as organizations move along their transformation journeys. Initially, Digital Beginners are concerned about security and seeking security skills. Security concerns can be a major barrier to getting a transformation project off the ground.

The key projects that Digital Beginners are trying to initiate are often the same as those as Digital Adopters and Digital Beginners. No matter their level of digital maturity, organizations were focused on business process automation, standardization, or redesign as much or more often than any other transformation project.

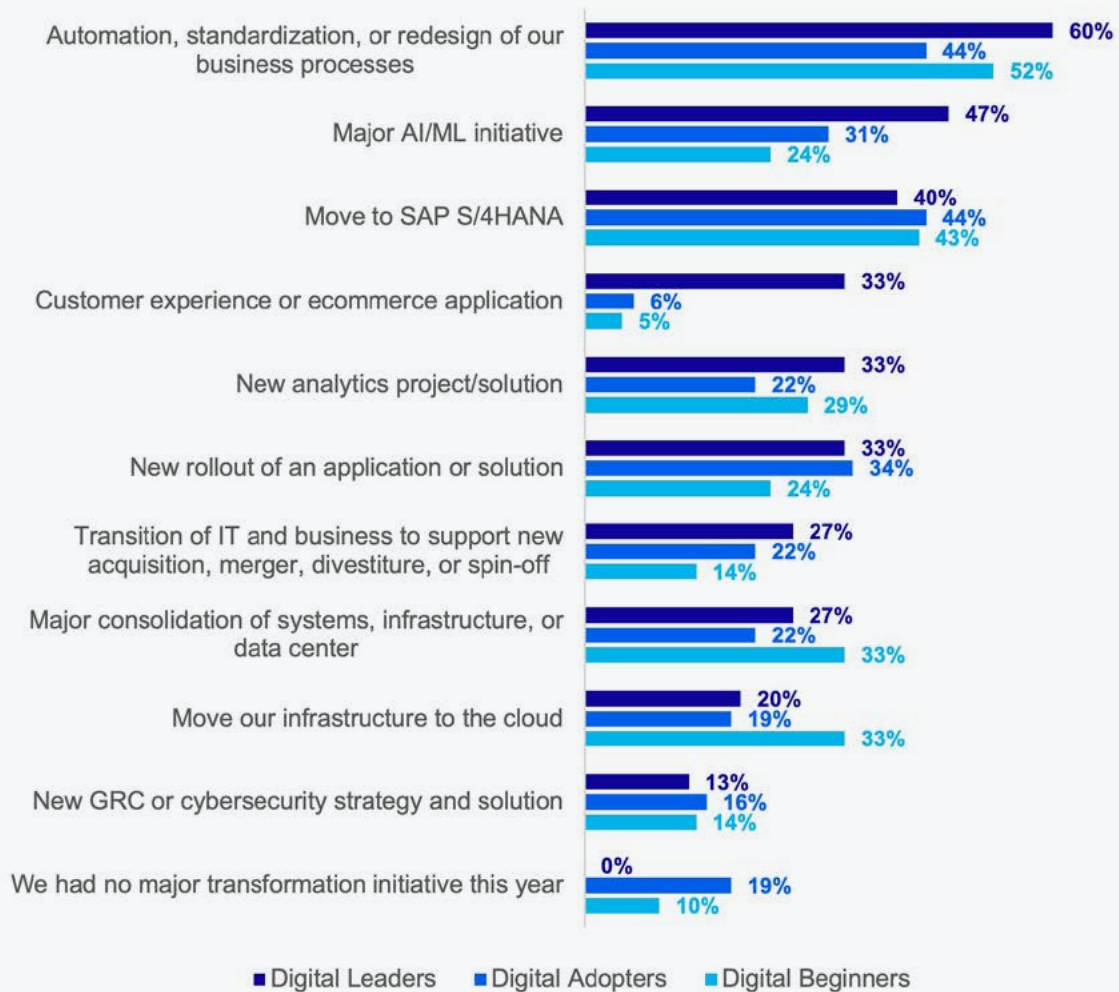
47%

of Digital Leaders cite major AI/ML initiatives among their top transformation projects



FIGURE 6

Top Transformation Projects



Major AI initiatives were high on the list for many digital leaders, while all groups were roughly equally likely to cite moving to SAP S/4HANA as a top project.

Digital beginners are focused on consolidating systems, infrastructure, or data centers and moving infrastructure to the cloud more often than the more advanced maturity groups. This suggests those projects as a first step in transformation.

67%

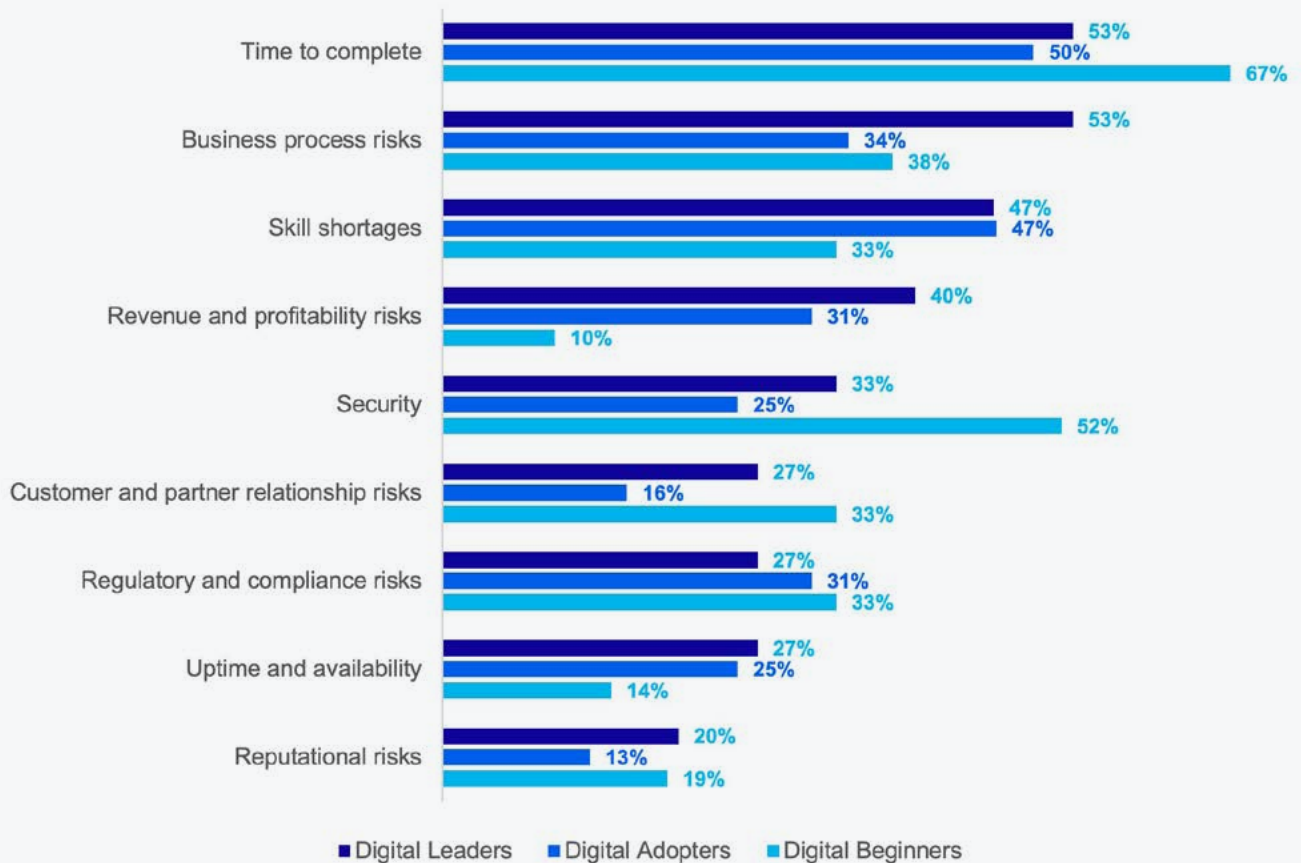
of Digital Beginners are concerned about the time to complete transformation as a key risk

Risks, Challenges, and Skillsets in Need

Transformation does not come without its risks, and the time it takes to complete is the top transformation project concern for Digital Beginners, followed by security. These concerns are the biggest barriers to digital maturity for those early in their transformation journeys.

FIGURE 7

Top Transformation Risk Concerns



Digital Leaders and Digital Adopters also view time to complete as a top concerning risk, while digital leaders are worried about business processes risks most often. Also among the major concerns is lacking the skillsets for transformation projects.

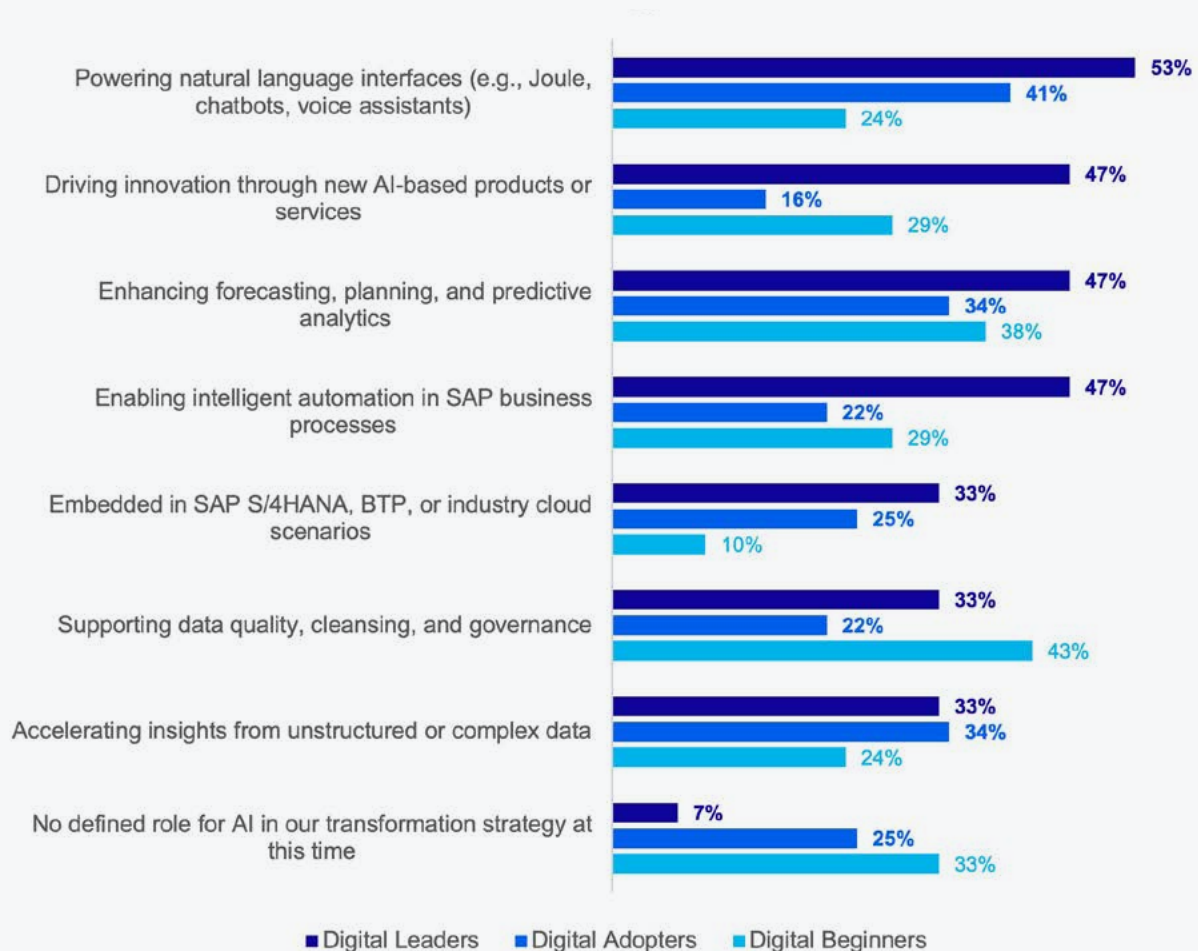
That concern is founded in experience, as the top transformation challenge for both Digital Leaders (40%) and Digital Beginners (48%) is the lack of proper skillsets. While that challenge is the same, the skillsets they are seeking are different.

AI and automation skills are in high demand among Digital Leaders (67%), while Digital Adopters are most looking for SAP S/4HANA skills. Digital Beginners view cybersecurity as the most critical skillset (48%).

Digital Leaders are seeking AI and automation skills at such a high rate because just nearly all of them (93%) are using AI as part of their transformation strategy. The most common usage of AI is in natural language tools such as Joule, SAP's digital assistant, and other chatbots.

FIGURE 8

AI Usage Within Transformation Strategy



Additionally, Digital Leaders are commonly seeking new AI-based products and services, enhancing forecasting, planning, and analytics with AI, as well as enabling intelligent automation.

Digital Adopters (25%) and Digital Beginners (33%) or much more likely to have no defined role for AI in their transformation strategies. Digital Leaders have set themselves up with the foundation to capitalize on AI, and they are using it for a variety of use cases.

In addition to enabling AI adoption, Digital Leaders are also realizing positive outcomes because of their transformations. As respondents' organizations mature into digital leaders, they are more likely to realize the business outcomes of reduced IT complexity or technical debt, increased revenue or profitability, enhanced customer experience or satisfaction, accelerated time-to-decision, improved operational efficiency, improved employee productivity or experience, stronger compliance or risk management, greater agility in responding to market changes, and more.

FIGURE 9

Business Outcomes Driven by Transformation



Improving operational efficiency is the most common business outcome for Data Beginners and Data Adopters. Companies embarking on transformation journeys are likely to find efficiency gains early in the process.

Transformation delivers business outcomes as companies achieve greater standardization of processes, greater data centralization and access with high level of integration and proper governance and begin utilizing the latest technologies.

CHAPTER 2 |

Recommendations and Required Actions

Digital Leaders are achieving business outcomes, but the average respondents' organization in our survey scored as a Digital Adopters. That means most organizations are still have room to improve their processes, their integration, their data governance, their security, and more. Doing so will likely deliver results and desired business outcomes.

Our research also revealed the following trends:

- 41% of respondents' organizations or planning to use or are currently using a hyperscaler as the underlying infrastructure for SAP S/4HANA.
- Microsoft Azure (37%) is the most often preferred technology for SAP transformation initiatives in our survey, followed by SAP Business Technology Platform (SAP BTP) (29%), and Amazon Web Services (AWS) (24%).
- 73% of Data Leaders are targeting investment in AI and automation in 2026.

Required Actions

To achieve the best outcomes from their transformation strategy, technology leaders should take the following actions:

Use major software implementations as catalysts for larger transformation.

Many SAPinsiders are implementing SAP S/4HANA to avoid maintenance challenges, but even if that is the motivation, an ERP migration or implementation on that scale should trigger a broader transformation effort that aims to improve processes and data across the business. This is the best way to take advantage of major technology investments, and SAPinsider data points to transformation leading to desired business outcomes.

Use AI and emerging technology adoption as a motivator for driving change.

CEOs are aware of AI and curious of its capabilities. Tech leaders can emphasize that adopting emerging technologies often requires a digital foundation, something that results from successful transformation. Getting buy-in from head executives will enable tech leaders to build transformation

strategies that will get them to the level of digital maturity that delivers results. Take stock of your transformation journey and identify key areas for automation, integration, and where data insights can make a major difference.

Take stock of your transformation skillsets and how they match your

transformation goals. Many organizations no matter how advanced they are struggling to find the right skillsets. Identify the skillsets you have in-house, and which will need to be brought on. This might happen through talent acquisition, but it may also mean bringing on a service provider that has transformation experience. The right partner can help identify the transformation path that helps your organization achieve its goals where you may otherwise struggle to find the right set of skills.

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